

Chapter 04. Board of Public Accountancy.

(Words in **boldface and underlined** indicate language being added; words [CAPITALIZED AND BRACKETED] indicate language being deleted.)

12 AAC 04.004 is amended to read:

12 AAC 04.004. Code of professional conduct. An accountant shall adhere to the Code of Professional Conduct of the American Institute of Certified Public Accountants, *AICPA Professional Standards, Volume 3* [2], ET Section, revised as of June 1, **2020** [2018], adopted by reference.

(Eff. 1/4/2017, Register 221; am 4/19/2019, Register 230; am ____/____/_____, Register _____)

Authority: AS 08.04.070 AS 08.04.080

Editor's note: A copy of the *AICPA Professional Standards, Volume 3* [2] adopted by reference in 12 AAC 04.004, may be obtained from the American Institute of Certified Public Accountants at AICPA, 220 Leigh Farm Road, Durham, North Carolina 27707-8110 or at AICPA's website at <http://www.aicpa.org>.

12 AAC 04.038 is amended to read:

12 AAC 04.038. Attest functions. (a) To perform an attest function means to provide any of the following financial statement services:

(1) an audit or other engagement to be performed in accordance with the Statements on Auditing Standards (SAS) of the American Institute of Certified Public Accountants, *AICPA Professional Standards, Volume 1*, AU-C Section, as revised as of June 1, **2020** [2018], adopted by reference;

(2) a review of a financial statement to be performed in accordance with the

Statements on Standards for Accounting and Review Services (SSARS) of the American Institute of Certified Public Accountants, *AICPA Professional Standards, Volume 3* [2], AR-C Section, as revised as of June 1, **2020** [2018], adopted by reference;

(3) an examination of prospective financial information to be performed in accordance with the Statements on Standards for Attestation Engagements (SSAE) of the American Institute of Certified Public Accountants, *AICPA Professional Standards, Volume 1*, AT-C Section, as revised as of June 1, **2020** [2018], adopted by reference; and

(4) an engagement to be performed in accordance with the standards of the Public Company Accounting Oversight Board (PCAOB) established under 15 U.S.C. 7211(a).

(b) An individual licensee who is responsible for supervising attest engagements, or who signs or authorizes another to sign the accountant's report on the financial statements on behalf of the firm, shall meet the competency requirements set out in the professional standards for the attest engagements. The supervising licensee shall obtain and maintain the competencies necessary in the specific circumstances.

(c) A licensee performing an attest engagement shall maintain a quality control system that complies with the Quality Control Standards (QCS) of the American Institute of Certified Public Accountants, *AICPA Professional Standards, Volume 3* [2], QC Section, as revised as of June 1, **2020** [2018], adopted by reference. (Eff. 1/1/2008, Register 184; am 10/16/2011, Register 200; am 1/4/2017, Register 221; am 4/19/2019, Register 230; am ____ / ____ / _____, Register _____)

Authority: AS 08.04.070 AS 08.04.423

Editor's note: A copy of the *AICPA Professional Standards, Volumes 1, [AND] 2, and 3*, may be obtained from the American Institute of Certified Public Accountants at AICPA, 220

Leigh Farm Road, Durham, North Carolina 27707-8110 or at AICPA's website at
<http://www.aicpa.org>.

12 AAC 04.165 is amended to read:

12 AAC 04.165. Application for licensure by reciprocity. (a) An applicant who holds a license to practice public accounting, or its equivalent, issued by another state may apply for a license to engage in the practice of public accounting in this state. The applicant must meet the requirements of AS 08.04.195 and this section.

(b) An applicant for a license under this section must submit

(1) a complete **notarized** application on a form provided by the department, including a summary of the applicant's professional work experience; [AND]

(2) the applicable fees specified in 12 AAC 02.340;

(3) the names of three individuals for verification of the applicant's good moral character as required under 12 AAC 04.160; and

(4) verification showing that the applicant has passed the applicable examinations required under 12 AAC 04.200.

(c) An applicant must comply with the applicable experience requirements specified in 12 AAC 04.180.

(d) Repealed 12/25/2015.

(e) If necessary to determine whether an applicant meets the requirements of AS 08.04.195 and this section, the board may require the applicant to provide working papers or other documentation to substantiate the professional experience claimed. (Eff. 1/1/2008, Register 184; am 9/28/2008, Register 187; am 12/25/2015, Register 216; am ___ / ___ / ___, Register

_____)

Authority: AS 08.04.070 AS 08.04.195

12 AAC 04.175 is amended to read:

12 AAC 04.175. Application for licensure by examination. (a) The board will issue a license by examination to practice public accounting to an applicant who meets the requirements of AS 08.04 and this section.

(b) An applicant for a license under this section must submit to the department

(1) a complete **notarized** application on a form provided by the department;

(2) the applicable fees specified in 12 AAC 02.340;

(3) verification showing that the applicant meets the applicable education requirements under AS 08.04.120, 08.04.150, 12 AAC 04.185, and 12 AAC 04.187;

(4) verification showing that the applicant meets the applicable experience requirements under AS 08.04.120 and 12 AAC 04.180;

(5) the names of three individuals for verification of the applicant's good moral character as required under 12 AAC 04.160; and

(6) verification showing that the applicant has passed the applicable examinations required under 12 AAC 04.200 [AND 12 AAC 04.205]. (Eff. 9/28/2008, Register 187; am 12/25/2015, Register 216; am ____ / ____ / _____, Register _____)

Authority: AS 08.04.070 AS 08.04.110 AS 08.04.130

AS 08.04.105 AS 08.04.120 AS 08.04.150

12 AAC 04.185 is amended to read:

12 AAC 04.185. Education defined for certified public accountant applicants. (a)

Repealed 2/2/94.

(b) As used in AS 08.04.120, an accounting concentration consists of not less than

(1) 24 semester credit hours or 36 quarter credit hours in subjects such as

- (A) accounting principles;
- (B) intermediate accounting;
- (C) income tax;
- (D) cost accounting;
- (E) auditing;
- (F) advanced accounting;
- (G) accounting theory;
- (H) governmental accounting; or
- (I) detection of fraud;

(2) nine semester credit hours or 15 quarter credit hours of business law,

economics, and

- (A) statistics;
- (B) computer science; or
- (C) algebra, calculus, or mathematics.

(c) Repealed 2/2/94.

(d) Repealed 2/2/94.

(e) As used in AS 08.04.120, "a college or university acceptable to the board" means

(1) [THE UNIVERSITY OF ALASKA;

(2)] a college or university accredited by a regional accrediting association [THAT IS RECOGNIZED BY THE UNIVERSITY OF ALASKA]; or

(2) [(3)] a foreign college or university whose degree program has been evaluated by an approved credentials evaluation service and determined to be equivalent to the degree program of an institution acceptable under (1) [OR (2)] of this subsection; an approved credentials evaluation service is

[(A) RECOGNIZED BY THE UNIVERSITY OF ALASKA; OR

(B)] the National Association of State Boards of Accounting (NASBA)

International Evaluation Services (NIES).

(f) For purposes of this section, when converting quarter hours to semester hours, the number of quarter hours is multiplied by 2/3 or 0.67.

(g) The following cannot be used to meet the accounting concentration

(1) college level examination program (CLEP) courses;

(2) examination preparation courses;

(3) life experience credits; or

(4) other similar courses, as determined by the board.

(h) No more than six semester credit hours can be earned in each topic area listed in

(b)(1) of this section. (Eff. 1/18/78, Register 64; am 11/9/85, Register 96; am 2/2/94, Register 129; am 5/4/96, Register 138; am 1/1/2008, Register 184; am 10/16/2011, Register 200; am 12/29/2013, Register 208; am 12/25/2015, Register 216; am 1/4/2017, Register 221; am _____/_____/_____, Register _____)

Authority: AS 08.04.070 AS 08.04.120

The introductory language of 12 AAC 04.200(g) is amended to read:

12 AAC 04.200. Examination.

• • •

(g) **An** [EXCEPT AS PROVIDED IN 12 AAC 04.205, AN] applicant

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(Eff. 9/9/72, Register 43; am 2/10/78, Register 64; am 1/27/81, Register 76; am 5/28/81, Register 78; am 3/30/84, Register 89; am 2/2/94, Register 129; am 7/27/97, Register 143; am 3/24/2004, Register 169; am 1/1/2008, Register 184; am 12/25/2015, Register 216; am 4/19/2019, Register 230; am ____/____/_____, Register _____)

Authority: AS 08.04.070 AS 08.04.130

Editor's note: A copy of *Professional Ethics: The AICPA's Comprehensive Course For Licensure* may be obtained from the American Institute of Certified Public Accountants, Order Department, 220 Leigh Farm Road, Durham, North Carolina 27707-8110, phone: (888) 777-7077, or at the AICPA's Internet web site at <http://www.aicpa.org>.

12 AAC 04.205 is repealed:

12 AAC 04.205. Examination transition to computer-based testing. Repealed

_____/_____/_____ [(a) AN APPLICANT WHO PASSED SECTIONS OF THE WRITTEN VERSION OF THE UNIFORM CERTIFIED PUBLIC ACCOUNTANT EXAMINATION BEFORE JANUARY 1, 2004 WILL BE GIVEN CREDIT FOR THE CORRESPONDING SECTIONS OF THE COMPUTER-BASED UNIFORM CERTIFIED PUBLIC ACCOUNTANT EXAMINATION AS FOLLOWS:

EXAMINATION SECTIONS BEFORE JANUARY 1, 2004

(WRITTEN EXAMINATIONS):

FINANCIAL ACCOUNTING AND REPORTING (FARE)

ACCOUNTING AND REPORTING (ARE)

AUDITING

BUSINESS LAW AND PROFESSIONAL RESPONSIBILITIES (LPR)

EXAMINATION SECTIONS BEGINNING JANUARY 1, 2004

(COMPUTER-BASED EXAMINATION):

FINANCIAL ACCOUNTING AND REPORTING (FARE)

REGULATION (REG)

AUDITING AND ATTESTATION (AUDIT)

BUSINESS ENVIRONMENT AND CONCEPTS (BEC)

(b) AN APPLICANT WHO RECEIVED CREDIT FOR EXAMINATION SECTIONS PASSED UNDER (A) OF THIS SECTION WILL BE ALLOWED A TRANSITION PERIOD TO COMPLETE ANY REMAINING SECTIONS. THE TRANSITION PERIOD CONSISTS OF THE NUMBER OF WRITING OPPORTUNITIES THE APPLICANT WOULD HAVE HAD REMAINING UNDER THE WRITTEN EXAMINATION, OR A PERIOD OF MONTHS CALCULATED AS THE NUMBER OF WRITING OPPORTUNITIES THE APPLICANT WOULD HAVE HAD REMAINING UNDER THE WRITTEN EXAMINATION, MULTIPLIED BY SIX MONTHS, WHICHEVER IS FIRST EXHAUSTED. IF AN APPLICANT PASSES A SECTION OF THE COMPUTER-BASED EXAMINATION DURING THE TRANSITION PERIOD, AND THE 18-MONTH PERIOD UNDER 12 AAC 04.200(g)(2) EXPIRES BEFORE THE END OF THE TRANSITION PERIOD, THE APPLICANT RETAINS CREDIT FOR THAT SECTION UNTIL THE END OF THE

TRANSITION PERIOD.

(c) IF AN APPLICANT UNDER (b) OF THIS SECTION DOES NOT PASS THE REMAINING SECTIONS OF THE UNIFORM CERTIFIED PUBLIC ACCOUNTANT EXAMINATION BY THE END OF THE TRANSITION PERIOD, THOSE SECTIONS PASSED UNDER THE WRITTEN VERSION OF THE EXAMINATION EXPIRE AND THE APPLICANT MUST RETAKE THOSE SECTIONS OF THE EXAMINATION IN ACCORDANCE WITH 12 AAC 04.235. EXAMINATION SECTIONS PASSED UNDER THE COMPUTER-BASED EXAMINATION ARE VALID IN ACCORDANCE WITH 12 AAC 04.200(g)(2)]. (Eff. 3/24/2004, Register 169; repealed ____/____/_____, Register _____)

Authority: AS 08.04.070 AS 08.04.130

12 AAC 04.300 is amended to read:

12 AAC 04.300. Hours of continuing education required. (a) Except as provided in 12 AAC 04.430 and 12 AAC 04.440, an applicant for renewal of a license to practice as a certified public accountant must complete

(1) no less than 80 hours of approved continuing education within the two-year license period immediately before the renewal period; no more than 16 of the hours required in this paragraph may be from continuing education programs described in 12 AAC 04.360(5); and

(2) at least 20 hours of the minimum 80 hours of approved continuing education within each year of the two-year permit period immediately before the renewal period.

(b) **Repealed** ____ / ____ / ____ [AN APPLICANT FOR RENEWAL OF A LICENSE TO PRACTICE AS A CERTIFIED PUBLIC ACCOUNTANT WHO MEETS THE

CONTINUING EDUCATION REQUIREMENTS OF (a)(1) OF THIS SECTION BUT FAILS TO MEET THE CONTINUING EDUCATION REQUIREMENTS OF (a)(2) OF THIS SECTION SHALL COMPLETE EIGHT HOURS OF APPROVED CONTINUING EDUCATION IN ADDITION TO THE HOURS REQUIRED IN (a) OF THIS SECTION. THE APPLICANT SHALL COMPLETE THE ADDITIONAL EIGHT HOURS OF APPROVED CONTINUING EDUCATION EITHER BEFORE OR WITHIN 180 DAYS AFTER THE LICENSE IS RENEWED. THE ADDITIONAL EIGHT HOURS MAY NOT BE USED TO SATISFY THE CONTINUING EDUCATION REQUIREMENTS FOR SUBSEQUENT LICENSE RENEWAL. THE BOARD WILL RENEW THE APPLICANT'S LICENSE ONLY IF THE APPLICANT SIGNS A STATEMENT AGREEING TO COMPLY WITH THE REQUIREMENTS OF THIS SUBSECTION WITHIN THE TIME SCHEDULE AUTHORIZED BY THE BOARD UNDER THIS SUBSECTION].

(c) At least four hours of the minimum 80 hours of approved continuing education required in (a) of this section must cover ethics.

(d) The continuing education requirements of this section do not apply to an individual who holds an inactive license under AS 08.04.410. (Eff. 1/18/78, Register 64; am 4/7/95, Register 134; am 5/10/98, Register 146; am 7/25/2001, Register 159; am 4/16/2004, Register 170; am 1/1/2008, Register 184; am 12/25/2015, Register 216; am ___ / ___ / _____, Register _____)

Authority: AS 08.04.070 AS 08.04.410 AS 08.04.425

12 AAC 04.370 is repealed:

12 AAC 04.370. Individual study. Repealed ___ / ___ / _____ [THE NUMBER OF

Register _____, _____ 2022 **PROFESSIONAL REGULATIONS**

HOURS OF CONTINUING EDUCATION CREDIT AWARDED FOR COMPLETION OF A FORMAL CORRESPONDENCE OR OTHER INDIVIDUAL STUDY PROGRAM WHICH REQUIRES REGISTRATION AND PROVIDES EVIDENCE OF SATISFACTORY COMPLETION WILL BE DETERMINED BY THE BOARD ON AN INDIVIDUAL BASIS].

(Eff. 1/18/78, Register 64; repealed ____/____/_____, Register _____)

Authority: AS 08.04.070(b) AS 08.04.425(a)

12 AAC 04.390 is repealed:

12 AAC 04.390. Publications. Repealed ____/____/____ [THE BOARD WILL AWARD CONTINUING EDUCATION HOURS FOR A PUBLISHED ARTICLE OR BOOK WRITTEN BY A LICENSEE IF THE LICENSEE COMPLIES WITH THIS SECTION AND THE BOARD FINDS THAT THE ACT OF AUTHORSHIP IMPROVED THE AUTHOR'S COMPETENCY AS A CERTIFIED PUBLIC ACCOUNTANT. TO OBTAIN CONTINUING EDUCATION HOURS FOR A PUBLICATION, THE LICENSEE MUST APPLY ON A FORM PROVIDED BY THE DEPARTMENT DESIGNATING THE NUMBER OF HOURS REQUESTED AND SUBMIT IT WITH A BIENNIAL RENEWAL APPLICATION. THE AUTHOR MAY ONLY RECEIVE HOURS FOR BOOKS OR ARTICLES ORIGINALLY PUBLISHED WITHIN THE PRECEDING BIENNIAL LICENSING PERIOD. THE BOARD WILL REVIEW EACH SUBMITTED APPLICATION ON AN INDIVIDUAL BASIS, AND WILL NOT AWARD A LICENSEE MORE THAN 20 HOURS PER BIENNIAL LICENSING PERIOD. A LICENSEE APPLYING FOR PUBLICATION HOURS MUST SUBMIT A COPY OF THE PUBLICATION, AN AFFIDAVIT SETTING OUT THE NUMBER OF HOURS SPENT IN RESEARCHING AND WRITING THE PUBLICATION, THE DATE OF

PUBLICATION, THE PUBLISHER, AND IN THE CASE OF AN ARTICLE, THE PERIODICAL IN WHICH IT APPEARED. THE BOARD MAY AWARD UP TO THREE HOURS FOR AN ARTICLE OVER 500 WORDS THAT WAS PUBLISHED IN A MAGAZINE, JOURNAL, NEWSPAPER, OR OTHER PERIODICAL. THE BOARD MAY AWARD MORE THAN THREE HOURS FOR A LARGER PUBLICATION, SUCH AS A BOOK OR EXTENSIVE RESEARCH ARTICLE BASED ON THE TIME AND EFFORT REQUIRED TO PRODUCE THE PUBLICATION]. (Eff. 1/18/78, Register 64; am 10/16/2011, Register 200; repealed ___/___/_____, Register _____)

Authority: AS 08.04.070 AS 08.04.425

12 AAC 04.430 is amended to read:

12 AAC 04.430. Inactive licenses. (a) To obtain or renew an inactive license under AS 08.04.410, the holder of a license must submit

- (1) an application on a form provided by the department; and
- (2) the fee set out in 12 AAC 02.340(5).

(b) To resume the active practice of public accounting, the holder of an inactive license must submit

- (1) an application on a form provided by the department;
- (2) the applicable fee set out in 12 AAC 02.340; and
- (3) documentation that shows the applicant's completion of at least 120 hours of approved continuing education, in accordance with 12 AAC 04.310 – 12 AAC 04.410, during the 36 months immediately before the date of the application; no more than 16 of the hours required in this paragraph may be from continuing education programs described in 12 AAC 04.360(5).

(c) The hours of continuing education required in (b) of this section do not satisfy the continuing education requirement for a subsequent renewal of the reactivated license.

(d) Notwithstanding 12 AAC 04.300, a licensee whose license has been reactivated under this section shall complete at least

(1) 10 hours of approved continuing education for each full calendar quarter between the date that the license was reactivated and the next renewal date; or

(2) repealed 7/25/2001;

(3) 80 hours of approved continuing education between the date that the permit was reactivated and the next renewal date.

(e) When a license is in “inactive” status, it must be made clear when using the CPA designation in any form, such as “CPA-Inactive” or “CPA (inactive)”.

(f) When a license is in inactive status, the licensee may not offer or practice public accounting. (Eff. 1/18/78, Register 64; am 8/14/87, Register 103; am 4/7/95, Register 134; am 7/25/2001, Register 159; am 1/1/2008, Register 184; am ____/____/_____, Register _____)

Authority: AS 08.04.070 AS 08.04.410 AS 08.04.425

12 AAC 04.610 is amended to read:

12 AAC 04.610. Approved quality review programs. (a) A quality review program is acceptable to the board if it meets the requirements of the

(1) American Institute of Certified Public Accountants, *AICPA Standards for Performing and Reporting on Peer Reviews*, **June 2021** [DECEMBER 2017] edition, adopted by reference, excluding any reference to compilations; or

(2) National State Auditors Association (NSAA) *Peer Review Manual*, **2021**

[2016] edition, adopted by reference.

(b) The board will accept the quality review program undergone by a permit holder that has offices in more than one state if the quality review program meets the requirements of this section, regardless of whether the permit holder's office in this state was selected for quality review. (Eff. 7/27/97, Register 143; am 11/2/2001, Register 160; am 10/16/2011, Register 200; am 8/1/2012, Register 203; am 1/4/2017, Register 221; am 4/19/2019, Register 230; am ____/____/____, Register ____)

Authority: AS 08.04.070 AS 08.04.426

Editor's note: A copy of the *AICPA Standards for Performing and Reporting on Peer Reviews*, adopted by reference in 12 AAC 04.610, may be obtained from the American Institute of Certified Public Accountants (AICPA), 220 Leigh Farm Road, Durham, North Carolina 27707-8110. A copy of the *Peer Review Manual*, adopted by reference in 12 AAC 04.610, may be obtained from the National State Auditors Association, 449 Lewis Hargett Circle, Suite 290, Lexington, KY 40503-3590; website at www.aicpa.org.